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SUBJECT: Port Security: Honduras on Track to Meet U.S. and IMO Requirements

1. (SBU) Summary: The Government of Honduras (GOH) is well positioned to be in compliance with MTSA and IMO requirements by the July 1, 2004 deadline. The country's chief challenges in meeting the requirements set out in the Maritime Transportation Security Act of 2002 (MTSA) and in the International Maritime Organization (IMO) codes are obtaining the necessary financial resources and battling the ingrained ambience of corruption that permeates the country. With continual Embassy engagement, the GOH has come to understand the importance of maritime security and its possible economic ramifications, including refusal of entry into U.S. waters, if Honduras fails to meet heightened port security standards. A U.S. consulting firm completed a port facility security assessment of all Honduran ports late January 2004, and the GOH is currently in the process of drafting the port facility security plan. GOH Presidential, political and financial support were critical for the expeditious contracting of the assessment team and purchase of recommended security equipment. End summary.

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U.S. Law and International Codes  
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2. (SBU) Puerto Cortes handled over 1,000 vessels traveling to or from the U.S. in 2002. When the news came out that, following the events of September 11, 2001, the U.S. was focusing on the need for improvement in maritime security, it became clear that port security would be a critical issue for Honduras. However, meeting the steep requirements set out in the Maritime Transportation Security Act (MTSA) and International Ship and Port Facility Security (ISPS) codes pose a very large challenge. All major ports in Honduras are owned and operated by the state-owned National Port Authority (ENP). First, meeting the codes requires physical changes, including fences, camera equipment, and increased security devices standard at any U.S. port facility, but lacking in Honduras because of financial and political constraints. Secondly, the codes require administrative changes in the way business is done and the manner in which emergency response practices are implemented. Though the U.S. consultants conducting the assessment discovered that the ENP already maintained volumes of information on port procedures and contingency plans for emergency response, little of this information was common knowledge to port security personnel. Even more worrisome, the consultants discovered that many dock employees and security personnel have little to no education; some were even reading manifests presented to them upside-down, pretending to read the inverted document, and confirming that everything was acceptable. Thirdly and perhaps the most difficult to overcome is the need to change the culture that allows corruption at the ports to flourish.

3. (SBU) Puerto Cortes and San Lorenzo have been centers of corruption, pilferage, drug trafficking and alien smuggling for years. While the Embassy and private sector have attempted to work with port authorities in the recent past to change these endemic problems, little progress was made due to a lack of political will and great financial incentive not to change the environment. However, with the imminent onset of the IMO and MTSA requirements and repeated Embassy advocacy, GOH and port officials finally committed to taking action to address the underlying issues related to security at Honduran ports. This political will was driven by the understanding that Honduras' economic stability depended on change.

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What Are The Requirements?  
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4. (SBU) The IMO, within the framework of the SOLAS convention, established the ISPS codes. These codes are very detailed and lay out specifically what every signatory country must do. Basically, there are two parts to the code - vessel security and port facility security. Each of these two requires an assessment and a plan. The assessment is essentially a risk analysis, an evaluation of the perceived threat to installations and infrastructure, identifying potential vulnerabilities and laying out the consequences of the potential incidents calculated, such as chemical spills or a perimeter breach. While this may seem simple, an assessment requires a very in-depth analysis, including

detailing everything from port facilities, cargo facilities, power plants, water supplies, bridges, railways, and roadways and how to protect them from threats such as vandalism, arson, hijacking, tampering and pilferage, stowaways, smuggling of weapons, using vessels themselves as a weapon, blockages of entrances, and threats of nuclear, biological and chemical attacks. Once the assessment is completed, host government officials are then responsible for drafting and certification of a port facility security plan. The plan should indicate operation and physical security measures to ensure that the port is always able to operate at the minimum security standards required (MARSEC 1). The plan must also indicate additional, intensified measures the port facility can take to move to and operate at heightened security levels 2 and 3, if required by a security incident or threat.

15. (SBU) Post understands that U.S. inspections of foreign ports and shipping lines will be modeled on the Transportation Security Administration's (TSA) periodic security reviews of foreign airports and airlines. If a port fails to be certified by the U.S. Coast Guard (USCG), no ships originating from or transshipping through that port will be allowed to enter U.S. waters until the vessel has been secured at a certified port facility. For Honduras, temporary decertification of a principal port such as Puerto Cortes would mean massive economic costs, particularly for textile, fruit and non-traditional agricultural product exporters. Long-term decertification would be disastrous to Honduras' economy, as it would eliminate any incentives for additional foreign investment in Honduras. Decertification would also negatively affect El Salvadoran and Nicaraguan exports transported through Honduras.

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Encouraging Compliance and GOH Political Will  
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16. (SBU) In order to learn as much as possible about new port security requirements both for entry into the US and international standards, country team members attended port security training sessions in San Pedro Sula in April 2003, researched International Maritime Organization (IMO) ISPS codes on vessel and port security and studied the US Congress' Maritime Transportation Security Act (MTSA). Embassy Officers then provided a presentation to key advisors of President Maduro in June 2003 to brief GOH officials on the importance of acting quickly in order to meet MTSA and IMO requirements by July 1, 2004. At the presentation were members from President Maduro's team on State Modernization, Port Authority representatives, private sector representatives, members of the shipping lines' association (AHCORENA) and a representative from the Chamber of Commerce of Cortes. Copies of this briefing were passed to the WHA/CEN desk as well as to Pol and Econoffs throughout the region via email for their information / use. Please contact post Econoff Nicholle Urdaneta at urdanetanm@state.gov if additional copies are desired.

17. (SBU) The GOH immediately realized how important it would be for Honduran ports, and Puerto Cortes especially, to comply with IMO and MTSA port security requirements before the July 1 deadline. The GOH requested a World Bank-funded project to draft the terms of reference to contract a recognized security organization (RSO) to perform a diagnostic port security assessment. Because of the tight deadline, in August 2003, President Maduro declared a national emergency on the state of security at Honduran ports. By doing so, the port authority could then put the assessment out for bid using a short list of recognized port security companies. In the same manner, until the emergency ends (the July 1, 2004 deadline), the port authority may use streamlined procurement procedures to purchase equipment, contract out bids for smaller projects, and do whatever is necessary to bring Honduras' ports into compliance.

18. (SBU) Working under a tight deadline and demanding schedule imposed by the ENP, the selected U.S. consultants (U.S. Protection Services and American Defense Services) completed the evaluation of Honduras' ports and provided the GOH with the IMO required port facility assessment by the end of January 2004. The company also provided a detailed set of recommendations for meeting port certification requirements. As the team provided initial recommendations during the assessment phase, the port authority acted proactively to immediately purchase items such as patrol vehicles, ATV 4-wheelers, and alarm systems. It also moved forward on installation of camera and X-ray equipment as well as improved infrastructure such as fencing, lighting systems, and new roadways instead of waiting for the final report and losing valuable time. The National Congress approved the port authority's budget in early December, allowing the port to spend up to 56 million Lempira (USD 3.1 million) on port security projects. The GOH understands that this amount may not be sufficient and is looking for additional means of funding.

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CSI and BASC  
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19. (SBU) GOH officials and private sector companies also expressed significant interest in participating in the Container Security

Initiative (CSI) program. Initially, there was some confusion on the part of the Hondurans, who thought CSI meant port certification, but now understand that CSI may play an important role in the overall security program but is not, in itself, port security. Though Honduras' Puerto Cortes was not included on the U.S.' initial list of ports for the CSI program, Minister of Industry and Trade, Norman Garcia, continues to advocate heavily for inclusion. Post understands that Honduras does not yet meet the basic security requirements to be considered for the program, but requests Washington agencies consider Puerto Cortes in its next CSI phase because of its significant port security progress. The GOH is taking port security very seriously and is dedicated to improving security standards along with modernization efforts.

10. (SBU) Since the beginning, private sector companies such as Sarah Lee and Seaboard Marine approached the Embassy with concerns that Honduras would not meet heightened security standards. These companies were watching the MTSA legislation move through the U.S. Congress and signed by the President. The companies began to work together to advocate for improvements in port security at Honduras' ports and requested the Embassy take a more proactive role with the GOH to assure the government's awareness of the possible consequences. Likewise, private sector representatives have expressed interest in participating in public/private organizations such as the Customs-Trade Partnership Against Terrorism (C-TPAT) and the Business Anti-Smuggling Coalition (BASC). Emboffs provided some general information on the BASC program, but would welcome any additional guidance and contact information the department may have available on either program as well as the new Operation Safe Commerce program.

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Key Findings of the Port Assessment  
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11. (SBU) Not surprisingly, security force competency and compliance was one of the main concerns identified in the evaluation process. Honduran ports are currently protected by a unionized security guard force whose members are largely uneducated (only 18 percent can read and write), unmotivated and physically unfit (over 50 percent of the security workforce is over the age of 52). Security guards have been observed sitting at entrance gates and politely opening the fence so pedestrians and vehicles may enter and exit the port, but without checking identification, doing any sort of vehicle search, or asking any questions. Some guards, possibly many, are involved in illegal smuggling and pilferage activities. Port officials are working closely with the Office of the Presidency, the Ministry of Labor, the Ministry of Security and the Armed Forces to find a solution to this weakness. It will most likely include a transition phase, including a severance pay buy-out of many of the guards. The assessment revealed that the port authority already housed most of the needed security policies, day-to-day procedures and emergency response plans Honduras needs to be in compliance with ISPS codes. According to the U.S. consultants, the problem is that the workforce and security personnel are either unaware of these documents, disregard them, or simply cannot read them.

12. (SBU) Other key problem areas included a wall-high stack of ammonium nitrate of unknown origin, barrels leaking chemicals, dockworkers reading and clearing manifests upside-down, ships arriving without manifests or manifests missing cargo, and hazardous material arriving unbeknownst to the port captain.

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Next Steps and Challenges  
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13. (SBU) Now that the assessment of Honduran ports is complete, the ENP is moving forward to execute its plan for procurement, procedure changes, and workforce issues. The port authority reports it has only spent 8-10 million lempira (USD 562,000) of the 56 million authorized by Congress. Port officials also noted they believe they will have enough money to complete the recommended upgrades. The only high dollar ticket items left to purchase are four airport-style x-ray machines, 8 cameras and the construction of a new entry / exit building. The GOH selected Dennis Chinchilla to be Honduras' official Port Security Officer, overseeing Honduras' port security program for all ports. Mr. Chinchilla is a well-known and respected member of the Merchant Marine and is well qualified for the position.

14. (SBU) Mr. Chinchilla's office will also be responsible for certifying all vessel security plans. Note: Honduras is a country of open registry and has a flagship fleet of over 1,600 vessels. This number was well over 3,000 vessels, but in recent years more than 1,500 were removed from the register for failure to pay taxes. End note. The GOH is planning to allow ship classification societies such as the American Bureau of Shipping (ABS) to perform the individual vessel assessments and draft vessel security plans. The Merchant Marines will then certify the plans presented. For registering ships, only those vessels falling within the size range of ISPS codes (over 500 tons) are working on preparing the registry information for the continuous synopsis record. Merchant Marine officials did state, however, that the GOH is working on updating Honduran Maritime Law to require all flagship vessels,

regardless of size, to present the same in-depth registry information.

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Background on Puerto Cortes  
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15. (SBU) Puerto Cortes is both the largest port in Honduras and the largest port on the Caribbean coast of Central America. It provides port services to companies from Honduras, Guatemala, El Salvador, and Nicaragua. It serves as a distribution and manufacturing site for the surrounding agricultural regions from which more than 1,800,000 containers on more than 1,700 ships in 2002 were transported. Puerto Cortes can currently dock up to ten ocean-going vessels at a time with three cranes available. Expansion, modernization, and privatization projects for Puerto Cortes are currently being studied. Implementation of the privatization plan is expected in 2004 - 2005. Although more than 1,000 ships traveled to or from the United States, Puerto Cortes also services vessels going to or from Europe, Africa, and South America. Puerto Cortes handled approximately 5 million metric tons of cargo in 2002. Projections for 2004 reach over 7 million metric tons for Puerto Cortes alone and 8 million in the other ports combined (San Lorenzo, Castillo, and Lempira). Puerto Cortes reported revenues of approximately USD 81.4 million in 2002. The destination of 98 percent of its exports, almost 1.4 metric tons, was to the U.S., including Florida, Louisiana, Texas, Mississippi and Delaware. Almost 63 percent of Puerto Cortes' imports, 3.6 million metric tons, originated from the U.S.

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Background on MTSA and ISPS  
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16. (U) The U.S. Congress passed the Maritime Transportation Security Act of 2002 (MTSA), which the President signed into law November 25, 2002. In it, the MTSA established requirements for U.S. ports and security agencies such as the US Coast Guard and the Secretary of Transportation. In section 70108 of the MTSA, the U.S. Congress addressed foreign ports, requiring that the Secretary of Transportation assess the effectiveness of

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antiterrorism measures maintained at any foreign port from which foreign vessels depart on a voyage to the United States. In December 2002, the International Maritime Organization (IMO) established a new International Ship and Port Facility Security code (ISPS code) that identifies measures to which every signatory country of the Safety of Life at Seas (SOLAS) convention, including Honduras, pledges to adhere. The MTSA required all U.S. ports be certified by the USCG no later than December 31, 2003 and grandfathered international ports' readiness date to match that determined by the IMO standard of July 1, 2004. If a foreign port does not meet these requirements, the Secretary of Transportation may prescribe specific conditions of entry into the United States, may deny entry into the U.S., and is required to provide public notice to passengers of the ineffective counter-terrorism measures of that country.

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Comment  
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17. (SBU) The Embassy considers port security in Honduras to be a top U.S. national security priority for counter-terrorism, anti-trafficking, anti-smuggling, and counter-narcotics efforts. As noted, it is also a Honduran national and economic security issue. Embassy advocacy and IMO and MTSA requirements appear to have succeeded in helping the GOH understand the urgency and gravity of port security to its national well-being. With the President's declaration of a national emergency on the state of port security, the support of the National Congress allocating the funding, the willingness and dedication of National Port Authority officials, and the interest of the private sector, Honduras is definitely on the right path to being able to certify its ports as required by U.S. laws and IMO code. End Comment.

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